

Asset Building in Milwaukee

- Family Self Sufficiency (FSS) escrow accounts
- Financial literacy training
- Individual Development Accounts (IDAs)
- Homeownership program

FSS program

- Two types of programs:
 - Public Housing FSS
 - Housing Choice Voucher FSS
- HUD grants provide money towards salary/benefits of an FSS Coordinator only
- Objective is to increase earned income of residents through job training, education, supportive services, etc.
- Regulations contained in 24 CFR 984 (e.g., required items in Action plan, etc.)

How does FSS work?

- Head of household must enter into 5-year contract of participation.
- FSS coordinator and family work on an Individual Training & Services Plan to identify activities that the person will undertake to improve self-sufficiency.
- Increases in rent that are due to an increase in earned income will be put into an escrow account for the family.
- At the end of the contract or once the family meets obligations, they can receive the amount in their escrow account.
- If the contract is terminated due to non-performance, eviction, etc., the escrow balance reverts back to PHA.

Results

- As of 12/31/07, 21 participants
 - 9 of whom have zero balance in their escrow account
 - Remaining have escrow balances that range from \$26 to \$2,991

Make Your Money Talk

- Since 2003, HACM has partnered with the Wisconsin Women's Business Initiative Corporation (WWBIC) to provide financial literacy training to residents.
- The program, called "Make Your Money Talk", is a series of classes covering personal money management topics, such as how to open and manage a bank account, creating a personal budget, developing a savings plan that works for you, dealing with past and future credit, and how to avoid high cost alternatives (payday loans, check cashing, money orders, subprime loans).
- Since 2003, 263 public housing residents have completed Make Your Money Talk training.

Individual Development Accounts

- WWBIC is an "Assets for Independence" grantee through HHS. Nationwide, 200 grantees in almost every state.
- Residents who complete the financial literacy training can open an IDA account, a matched savings account. For every \$1 the person saves over 2 years (up to \$2,000), their savings is matched 2:1.
- IDA matched savings can be used for 3 purposes:
 - Homeownership
 - Furthering their education
 - Starting a business

Results to date

- Since 2003, 254 residents have opened IDA accounts.
- Currently, 130 open accounts with savings of over \$112,000.
- 28 residents have used their IDA to purchase a home, 18 for education, and 14 for starting a business.

HACM's Homeownership program

- Provides pre- and post- homebuyer counseling and linkages to mortgage lenders
- With HACM's assistance, 426 families living in public or subsidized housing have gone on to purchase a home:
 - 204 through the Section 32 program
 - 120 through the Section 8(y) program
 - 102 in the private market

Lessons learned from Asset Building programs

- Many have had a slow start...growth occurs once trust is established and mostly grows through word-of-mouth between residents
- Requires a lot of support and follow-up with participants to keep them active in the program. Passive approach will not work.

How does asset building impact human capital & social capital?

- Financial literacy training increases the participant's human capital
- Social capital is increased through:
 - Networking with coordinators/homebuyer counselors
 - Networking with other participants
 - Linkages to banking institutions—many participants initially do not have a relationship with a banking institution
 - Homeownership leads to more diverse communities and can increase social capital in communities when residents are owners rather than renters. Some studies have shown connections to others in the community and civic engagement increase with homeownership.
 - Housing can provide access to jobs, better schools, and stronger social capital networks.